



L1 CAPITAL

DAILY CLASS

Australian Equities Fund

Monthly Report | November 2017

INCEPTION DATE: 23 AUGUST 2007 | FUND NAV: \$161M | REDEMPTION PRICE: 1.7350^{1,2}

November 2017

- The L1 Capital Australian Equities Fund delivered a return after fees of 1.8% for November, outperforming the benchmark S&P / ASX200 Accumulation Index by 0.2%.
- Over the past year, the Fund returned 24.3%, exceeding the S&P / ASX200 Accumulation Index by 9.7% (after fees).
- The Fund has been one of the best performing large cap, long only Australian equities funds since its inception, outperforming the S&P / ASX200 Accumulation Index by 4.9% p.a. (after fees).

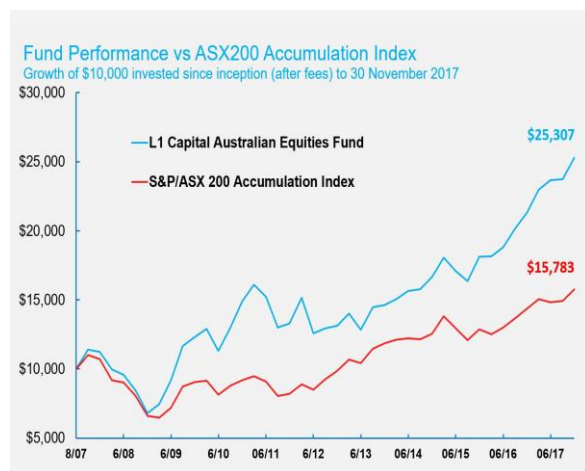
In November, the ASX200 continued to rally, rising 1.6%. Information technology (+4.4%), Energy (+4.0%), Consumer Staples (+3.2%) and Healthcare (+3.0%) led the market. Telcos (-1.6%) were the worst performing sector with weaker mobile service revenue at Telstra pressuring their share price. Banks also retreated due to the announcement of a Royal Commission.

Some of the Fund's best performers in November were long positions in News Corp (+18%), Origin Energy (+12%) and Boral (+5%). The largest detractor was Qantas (-8%) which retreated due to the continued rally in oil prices. Despite Qantas rallying 61% over the past year, the shares continue to trade at a P/E of only 9x consensus FY18 earnings.

News Corp delivered an exceptionally strong profit result in November, with every division exceeding analyst estimates. Despite the recent rally, News Corp remains extremely undervalued. The current share price only reflects their 62% stake in Realestate.com.au, 80% stake in Realtor.com (the #2 property portal in the U.S.) and their \$2.5b of net cash on the balance sheet. Virtually no value is ascribed to more than a dozen large media and technology assets that contribute more than \$1.2b of EBITDA. We believe the medium term outlook for News Corp is compelling as the market recognises it is actually a fast growing digital media business, rather than a dying "old media" business.

The Fund's returns have continued to track well ahead of our investment objective of 3% p.a. net outperformance relative to the S&P / ASX200 Accumulation Index. We remind clients to expect net returns closer to our investment objective over the long term.

	FUND*	ASX200 (AI)	ALPHA (NET)*
One month	1.80%	1.64%	0.16%
Three months	6.73%	5.71%	1.02%
One Year	24.28%	14.61%	9.67%
Three Years (p.a.)	16.60%	8.72%	7.88%
Five Years (p.a.)	15.34%	10.56%	4.78%
Ten Years (p.a.)	8.10%	3.66%	4.43%
Since inception (p.a.)	9.40%	4.52%	4.89%
Since inception (cumulative)	153.07%	57.83%	95.24%



*All performance numbers in this update are quoted after fees. All performance numbers prior to 1 October 2017 relate to the L1 Capital Australian Equities Fund wholesale class of units. The L1 Capital Australia Equities Fund PDS and RG issued 5 September 2017 are a daily class of units. Past performance is not predictive of future returns.

L1 Capital Overview

L1 Capital is a global investment manager with offices in Melbourne, New York and London. The business was established in 2007 is 100% owned by its senior staff, led by founders Raphael Lamm & Mark Landau. The team is committed to offering clients best of breed investment products. L1 Capital manages money for a range of clients including large superannuation funds, insurance companies, sovereign wealth funds, private banks, financial planning groups, asset consultants, family offices, high net worth individuals and retail investors.

L1 Capital uses a fundamental, bottom-up research process to identify investments with the potential to provide attractive risk-adjusted returns. The L1 Capital investment approach is largely style-neutral with modest value and contrarian characteristics. The firm launched the L1 Capital Long Short Fund in September 2014. The net return of 36.9% p.a. since inception has been delivered with significantly lower beta and volatility than the market. The Fund has achieved outstanding risk-adjusted returns (maximum drawdown 2.4%, sharpe ratio 4.1, sortino ratio 24.4).

Fund Information

Name	L1 Capital Australian Equities Fund
Class of Units	Daily
Structure	Unit Trust
Domicile / Currency	Australia / AUD
Inception	23 August 2007
Management Fee	0.77% p.a. inclusive of GST and RITC
Expenses	Maximum of 0.20% p.a.
Performance Fee	15.38% above S&P / ASX200 Acc Index*
High Watermark	Yes
APIR / ARSN	LCPO001AU / 621 183 195
Minimum Investment	A\$25,000
Subscription Frequency	Daily
Redemption Frequency	Daily

Service Providers

Responsible Entity	Equity Trustees Limited
Fund Administrator	Link Fund Solutions
Fund Auditor	EY
Fund Custodian	JP Morgan
Legal Advisor	Hall & Wilcox

There have been no changes to key service providers since the last monthly newsletter.



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Disclosure

**All performance numbers in this update are quoted after fees. All performance numbers prior to 1 October 2017 relate to the L1 Capital Australian Equities Fund wholesale class of units. The L1 Capital Australia Equities Fund PDS and RG issued 5 September 2017 are a daily class of units. 1. The value of the Fund's assets less the liabilities of the Fund net of fees, costs and taxes. 2. The redemption price is calculated by decreasing the NAV price by the sell spread (currently 0.25%). The NAV price is the NAV divided by the units on issue. Past performance is not predictive of future returns.

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